

SECOND REGULAR SESSION

# HOUSE BILL NO. 2738

## 99TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE POGUE.

6655H.011

D. ADAM CRUMBLISS, Chief Clerk

### AN ACT

To repeal sections 143.011 and 143.071, RSMo, and to enact in lieu thereof two new sections relating to income tax rates.

*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Sections 143.011 and 143.071, RSMo, are repealed and two new sections enacted in lieu thereof, to be known as sections 143.011 and 143.071, to read as follows:

143.011. 1. A tax is hereby imposed for every ~~taxable~~ **tax** year on the Missouri taxable income of every resident. The tax shall be determined by applying the tax table ~~[or the rate]~~ provided in section 143.021, which is based upon the following rates:

If the Missouri taxable income is:	The tax is:
Not over \$1,000.00	1 1/2% of the Missouri taxable income
Over \$1,000 but not over \$2,000	\$15 plus 2% of excess over \$1,000
Over \$2,000 but not over \$3,000	\$35 plus 2 1/2% of excess over \$2,000
Over \$3,000 but not over \$4,000	\$60 plus 3% of excess over \$3,000
Over \$4,000 but not over \$5,000	\$90 plus 3 1/2% of excess over \$4,000
Over \$5,000 but not over \$6,000	\$125 plus 4% of excess over \$5,000
Over \$6,000 but not over \$7,000	\$165 plus 4 1/2% of excess over \$6,000
Over \$7,000 <del>[but not over \$8,000]</del>	\$210 plus 5% of excess over \$7,000

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

13       ~~[Over \$8,000 but not over \$9,000                               \$260 plus 5 1/2% of excess over \$8,000~~

14       ~~Over \$9,000   \$315 plus 6% of excess over \$9,000~~

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16       ~~——— 2. (1) Beginning with the 2017 calendar year, the top rate of tax under subsection 1 of~~  
17 ~~this section may be reduced over a period of years. Each reduction in the top rate of tax shall be~~  
18 ~~by one-tenth of a percent and no more than one reduction shall occur in a calendar year. The top~~  
19 ~~rate of tax shall not be reduced below five and one-half percent. Reductions in the rate of tax~~  
20 ~~shall take effect on January first of a calendar year and such reduced rates shall continue in effect~~  
21 ~~until the next reduction occurs.~~

22       ~~——— (2) A reduction in the rate of tax shall only occur if the amount of net general revenue~~  
23 ~~collected in the previous fiscal year exceeds the highest amount of net general revenue collected~~  
24 ~~in any of the three fiscal years prior to such fiscal year by at least one hundred fifty million~~  
25 ~~dollars.~~

26       ~~——— (3) Any modification of tax rates under this subsection shall only apply to tax years that~~  
27 ~~begin on or after a modification takes effect.~~

28       ~~——— (4) The director of the department of revenue shall, by rule, adjust the tax tables under~~  
29 ~~subsection 1 of this section to effectuate the provisions of this subsection. The bracket for~~  
30 ~~income subject to the top rate of tax shall be eliminated once the top rate of tax has been reduced~~  
31 ~~to five and one-half of a percent.~~

32       ~~——— 3.] 2.~~ Beginning with the 2017 calendar year, the brackets of Missouri taxable income  
33 identified in subsection 1 of this section shall be adjusted annually by the percent increase in  
34 inflation. The director shall publish such brackets annually beginning on or after October 1,  
35 2016. Modifications to the brackets shall take effect on January first of each calendar year and  
36 shall apply to tax years beginning on or after the effective date of the new brackets.

37       [4.] 3. As used in this section, the following terms mean:

38       (1) "CPI", the Consumer Price Index for All Urban Consumers for the United States as  
39 reported by the Bureau of Labor Statistics, or its successor index;

40       (2) "CPI for the preceding calendar year", the average of the CPI as of the close of the  
41 twelve month period ending on August thirty-first of such calendar year;

42       (3) "Percent increase in inflation", the percentage, if any, by which the CPI for the  
43 preceding calendar year exceeds the CPI for the year beginning September 1, 2014, and ending  
44 August 31, 2015.

143.071. 1. For all tax years beginning before September 1, 1993, a tax is hereby  
2 imposed upon the Missouri taxable income of corporations in an amount equal to five percent  
3 of Missouri taxable income.

4           2. For all tax years beginning on or after September 1, 1993, **and ending before**  
5 **January 1, 2019**, a tax is hereby imposed upon the Missouri taxable income of corporations in  
6 an amount equal to six and one-fourth percent of Missouri taxable income.

7           3. **For all tax years beginning on or after January 1, 2019, a tax is hereby imposed**  
8 **upon the Missouri taxable income of corporations in an amount equal to five percent of**  
9 **Missouri taxable income.**

10           4. The provisions of this section shall not apply to out-of-state businesses operating  
11 under sections 190.270 to 190.285.

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